# STATE OF BRUNEI

# NATIONAL DEVELOPMENT PLAN

## 1962 - 1966

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# Foreword

A national development plan is one of the most important means that a government can adopt for the purpose of achieving national objectives for the development of a country's resources.

Admittedly a national development programme cannot be implemented and completed within one specific period, e.g. five years. Success in achieving desired development generally takes a longer time than is at first thought.

The National Development Plan for the State of Brunei was prepared in a concise and careful manner. It contains the country's desired objectives towards the development of various fields including industry, labour, rural communications, etc.

The proposed projects which have been accepted in principle was prepared with the co-operation of various Government departments and members of the public.

I am indeed happy to know that the development programme, which is for the welfare and interest of Brunei received the support of the members of the public. I am also happy to know that among those who have been appointed to the Advisory Groups are members of the public who, I believe, have rendered valuable assistance in the consideration of the proposed targets and projects of the Plan. To them I offer my sincere gratitude and sincerely hope that the Plan will be a success and that it will bring about a better standard of living to the people. I also wish to express appreciation to the United Nations for making available the services of an Economic Adviser to advise and help prepare the National Development Plan.

The implementation of Brunei's Development Plan may not be completed within the specific period because of the need for further detailed study of each project. It is only with such careful study that the projects can be implemented with success. I am convinced, however, that with the co-operation of every Government department as well as the full co-operation of the members of the public regarding the development of the country, we can achieve the objectives of the Plan for the prosperity and well being of Brunei Darul-Salam.

Marsal

MARSAL BIN MAUN,
Mentri Besar,
Brunei.

APRIL, 1962.

# INTRODUCTION

The State Development Board entrusted with the duty of framing a development plan for the State established in April, 1961 a Planning Committee. The Committee's terms of reference are :—

i) To prepare and produce a development plan suitable to the State for submission to and consideration of the State Development Board;

ii) To request from any Government officer, or any person outside the Government service with his consent, any data, materials and information valuable and useful for planning purposes;

iii) To co-opt any person in or outside Government service who, in the opinion of the Committee, is suitable to sit on the Planning Committee;

iv) To request any Government officer, or person outside Government service with his consent, to attend and participate in any of the Commitee's meetings, deliberations and discussions.

2. In June, 1961, the Planning Committee held a series of meetings to frame the objectives of the development plan. The Committee was of the opinion that the plan envisaged should be a National Development Plan consisting of economic, social and cultural development. The Committee discussed the matter with departments which had substantial connections with the matter. The following participated in the discussion:—

1. Chief Religious Affairs Officer, Brunei.
2. Acting Head of Broadcasting, Brunei.
3. Acting State Information Officer, Brunei.
4. State Education Officer, Brunei.
5. State Medical Officer, Brunei.
6. State Engineer, Brunei.
7. Acting Commissioner of Labour, Brunei.

As a result of these discussions the primary aim and purposes of the National Development Plan were framed. The aim and purposes were approved by the State Development Board and subsequently by the Executive Council.

3. The aim and purposes were publicised. At the same time the public was invited to send in development proposals. It was gratifying to receive suggestions and proposals from the public. At the same time a meeting of all Heads of Government Departments was held wherein they were acquainted with the aim and purposes of the National Development Plan. They were also requested to submit their departmental development proposals according to a prescribed pattern.

4. A study of the present economic situation of Brunei was made. In the course of the study it was noted that some of the required data and materials were either lacking or inadequate. Nonetheless the study gives a general picture of the present economic situation of Brunei. Other difficulties, such as staff for implementing the plan, were noted.

5. In January, 1962 the draft of the National Development Plan was completed. It was put up to the various Advisory Groups for discussion and comments. The Advisory Groups were :—

1. Agriculture, Forestry and Fishing.
2. Commerce and Industry.
3. Power, Transport and Communications.
4. Health, Sanitation and Water Supplies.
5. Education and Training.
6. Community Development.
7. Social Welfare, Recreation Facilities, Religious and Cultural Development.
8. Public Buildings, Municipal Services and Town Planning.

Their comments were embodied in the draft Plan. Subsequently the State Development Board considered the draft Plan and approved it after slight amendment. The draft as amended was then submitted to the Executive Council for approval.

6. The Executive Council, the highest policy-making body in the State, has approved the Plan in principle. There is still further action to be taken. Study in detail of each programme and project has to be undertaken with the view to determine its cost and facilitate budget preparation.

7. It is to be noted that the Plan is not intended to be rigid. It is subject to flexibility, addition and subtraction if circumstances warrant such move.

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# NATIONAL DEVELOPMENT PLAN 1962-1966

## I. AIM AND OBJECTIVES

The primary aim and objectives of the National Development Plan was approved by the State Development Board, and subsequently by the State Executive Council. The stated aim of the Plan is to strengthen, improve and further develop the economic, social and cultural life of the people in the State of Brunei. This broad purpose embraces the following fourteen specific objectives : —

(1) Diversify the economy so that it will not be so heavily dependent upon one industry such as oil ;

(2) Reduce and avoid any marked disparities in the prosperity and growth of the different areas or regions of the country ;

(3) Maintain a high level of employment ;

(4) Increase per capita income through increases in productivity ;

(5) Maintain a relatively stable price level ;

(6) Encourage and foster good industrial labour relations which would result in increased efficiency and greater productivity for the benefit of employees, employers, Government and the public ;

(7) Achieve a more equitable distribution of income ;

(8) Develop an adequate and comprehensive national system of education compromising all levels of education from primary to adult which will ultimately eliminate illiteracy and provide training of an adequate supply of teachers at all levels and training in trades, arts, crafts, technical skills and commercial subjects ;

(9) Develop a comprehensive system of national health services so as to provide adequate facilities necessary to raise the level of all aspects of health of the people ;

(10) Provide adequate public service facilities such as (a) improved means of communications and transportation, including port facilities, as means of access to and connection of the verious parts of the country ; (b) adequate water, sewerage and sanitation facilities to all areas of the country for maintaining the health of the people and meeting the requirements of industry and commerce; and (c) drainage and irrigation facilities required for agricultural development, land reclamation and anti-malarial work;

(11) Provide for the orderly growth and development of municipal and rural areas through community development, proper zoning and town and country planning ;

(12) Provide adequate power facilities to meet the requirements of urban and rural areas for governmental, industrial, commercial and domestic residential uses ;

(13) Advance the cultural arts and preserve, improve, and develop the cultural institutions of Brunei;

(14) Encourage and promote the participation by the private sector in fulfilling the broad purpose of the National Development Plan.

Though the objectives are not listed in order of priority, it is considered most desirable to give a very high priority to a rapid rise in per capita income because any rise in the material well-being of the people comes from greater availability of goods and services resulting from increased productivity.

It is stressed that the objectives indicate the direction only, and not the speed of development. They point to what is desired to be accomplished. How this will be done will be determined by the selection of specific physical projects and the effective use of instruments of Government policies. The speed with which the objectives are achieved will depend on the skill, hard work and persistence with which the individual projects are implemented and the integrity and execution of the pertinent Government policies, such as labour policies, fiscal and tax policies, and policies related to the encouragement and promotion of private enterprise and investment.

It is recognised that some of the objectives are of a long-range nature and will require more than the five year period of the Plan for ultimate fulfillment. In fact development and development planning is a continuous process ; each plan, whether of a five or four year duration, cannot be considered a unit in isolation. Each plan must be regarded as a part of the total process of development and as a continuous movement towards desired goals in which the priorities and targets of each plan are linked up with a longer range perspective.

## II. STRUCTURE OF THE ECONOMY OF BRUNEI

In planning for economic development, it is firstly essential that we know something about the growth and characteristics of the economy — its structure, the historical trend of development of its various productive sectors, such as agriculture, fishing, mining, commerce, etc., and a diagnosis of its present situation. Secondly, it is important to know something about the population which participates in the economy as con-

sumers as well as producers. It is desirable to know not only the size of the population and its rate of growth, but also the composition from the standpoint of age, sex, employment, and related classifications.

One of the ways of ascertaining the rate of growth of an economy as a whole, and of describing the structural changes taking place in its various sectors, is through the use of statistical techniques for estimating the gross national product and national income. It must be mentioned here that national income should not be confused with national revenue, which is the income derived from taxes and other receipts by the Government. What the Government receives as revenue comprises only a fraction of the total income arising from the current production of goods and services by the country's economy. The size of the fraction will, of course, vary with tax policies and their effective execution. National income is a measure of the total money value of the goods and services produced by the employment of the human and natural resources, and the productive facilities of the country as a whole.

In a growing number of countries national income and related series of economic and financial statistics have been integrated into a system of national accounts (sometimes also called social accounts). By means of adequate and reliable statistics of national income and related accounts, it is possible to trace the changes taking place within a nation, changes from depression to prosperity, changes in the rate of growth or development, and changes in the material standards of living of the people. For this reason more and more countries are using national income analyses to measure the nation's economic activities, to help in the formulation of economic and financial policies, and in planning for national economic development.

An attempt has been made to estimate the gross national product and national income of the State of Brunei for the years 1955-1960. Admittedly it is only a very rough estimate. This is because of the lack of adequate and reliable statistical data on a number of economic activities, and also because of the lack of information about the subsistence sector, namely that portion of the population which does not participate in the monetary market economy as a means of livelihood. To make national income estimates for Brunei more reliable and meaningful it is essential that comprehensive, current, and valid statistical data and other economic information be secured for all sectors of the economy. For example, there is a lack of adequate data on wages, salaries, profits, rent, interest, etc., a lack of data on the final consumption of goods, and net income received from foreign investments ; a lack of detailed information on production by manufacturing or processing ; and a lack of adequate data on income from trade, commerce, finance, and personal services.

It is therefore important that the Government should establish a central statistical service which could provide reliable, current and comprehensive statistical data not only for compiling an estimate of national income, but also for supplying data essential for policy decisions and development planning. The central statistical service should be responsible for the effective collection, compilation, tabulation and publication of statistical information covering all economic and social aspects of the activities of the State and its people.

As to the required knowledge of the population and its characteristics, Brunei is fortunate in having completed a population census taken in 1960. This census provides the necessary statistical information on the amount and composition of the population which can be used as a basis for measuring per capita income and productivity per capita. For the relationship between the rate of growth of the output of the economy and the rate of increase of the population is highly significant. Thus, if the population is increasing at a rate greater than the rate of production of goods and services, there can be no expectation of any rise in the material standard of living of the people unless aid is secured from abroad. However, if the economy experiences a rate of increase in gross national product and national income greater than the rate of increase in the population there will be an increase in per capita income. Hence it can be said in general that increases in per capita income implies economic growth, while declines in per capita income implies stagnation or lack of growth of the economy.

Now what does an analysis of Brunei's population census and a rough preliminary estimate of its gross national product and national income reveal ? An examination of the adjusted census figures shows that the population of Brunei in 1960 numbered 84,515. it would appear from a comparison with the previous census that the rate of growth has been at the high rate of about 4 per cent per year during the period 1955-1960. In the meantime during the same period the rough estimate of Brunei's gross national product and national income shows a declining trend, particularly from 1957 through 1960. This can be seen from the following tables —

**TABLE I**

**PERCENTAGE CHANGE IN GROSS NATIONAL PRODUCT OF BRUNEI**

| Year | Amount of G.N.P. (in millions M. dollars) | Percentage change |
|---|---|---|
| 1955 | 342.6 | |
| 1956 | 376.1 | + 9.8 |
| 1957 | 384.3 | + 2.2 |
| 1958 | 364.5 | — 5.2 |
| 1959 | 353 9 | — 2.9 |
| 1960 | 302.6 | —14.5 |

## TABLE 2

### PERCENTAGE CHANGE IN NATIONAL INCOME AT MARKET PRICE AND FACTOR COST AND DOMESTIC NATIONAL INCOME AT FACTOR COST

(in millions M. dollars)

| Year | National Income at Market Price | Percentage Change | National Income at Factor Cost | Percentage Change | Domestic National Income at Factor Cost | Percentage Change |
|---|---|---|---|---|---|---|
| 1955 | 325.5 | | 321.5 | | 217.4 | |
| 1956 | 357.3 | + 9.8 | 353.0 | + 9.8 | 241.1 | +10.9 |
| 1957 | 365.1 | + 2.2 | 360.8 | + 2.2 | 245 2 | + 1.7 |
| 1958 | 346.3 | — 5.1 | 342.4 | — 5.1 | 226.2 | — 7.7 |
| 1959 | 336.2 | — 2.9 | 332.7 | — 2.8 | 226.9 | + 0.3 |
| 1960 | 287.5 | —14.5 | 284.2 | —14.6 | 184 7 | —18.6 |

## TABLE 3

### POPULATION GROWTH DURING 1955-1960.

| Year | Number |
|---|---|
| 1955 | 68,913 |
| 1956 | 71,784 |
| 1957 | 74,775 |
| 1958 | 77,890 |
| 1959 | 81,135 |
| 1960 | 84,515* |

* Adjusted census figure.

It is imperative at this point to again indicate that the figures and percentages of gross national product and national income are estimates based on rather incomplete data and hence lack reliability and comprehensiveness. Nevertheless they do give a general picture of the changes in the value of the output of the economy as a whole during the period 1955-1960.

A brief examination of the above three tables shows that after the year 1957 the total value of goods and services produced by the economy declined in each year, while the number of people continued to increase. This cannot be considered a desirable situation from the standpoint of a healthy and vigorously growing economy. Unless this trend is soon reversed it will materially affect the standard of living of the population as well as the revenues and surpluses of the Government.

An analysis of the components of the gross national product shows what is apparent to even the casual observer in Brunei, namely, that mining (mainly oil and gas) is the dominent industry in the State. This industry provides the major share of contributions to the gross national product, hence any decline or increase in the value of its output directly affects the total economy in terms of employment, income, and Government revenue. The oil and gas industry ranked first in order of magnitude throughout the period of 1955-1960 even though its percentage of the total annual value of output has been declining. In 1955 it produced 85.6 per cent of the total, but dropped to 80.3 per cent in 1960. The close relationship between the value of production by the oil and gas industry and the gross national product of the State of Brunei is illustrated in table 4 as follows :—

## TABLE 4

| Year | G.N.P. of State of Brunei (amount in millions M. dollars) | Percentage change | Value of production of Oil and Gas Industry (amount in millions M. dollars) | Percentage change |
|---|---|---|---|---|
| 1955 | 342.6 | | 293.1 | |
| 1956 | 376.1 | + 9.8 | 317.1 | + 8.2 |
| 1957 | 384.3 | + 2.2 | 326.0 | + 2.8 |
| 1958 | 364.5 | — 5.2 | 305.0 | — 6.4 |
| 1959 | 353.9 | — 2.9 | | — 2.6 |
| 1960 | 302.6 | —14.5 | 243.1 | —18.1 |

Since the oil industry, as a producer of value, an employer of labour and a source of revenue, plays such a preponderant role in the economy, any material decline in its output inevitably affects the total economy. Also since it is an industry which is based upon an exhaustible and irreplaceable raw material, it is dangerous to rely on it to continue to play its dominent role unless new deposits are discoverd to augment its already depleting reserves.

It therefore is essential that the economic activities in other sectors of the economy are fostered in order to provide greater diversification and less dependence upon a single industry as the major source of national income and Government revenue. A glance at table 5 which follows reveals the relative importance of some of the other activities which will have to be stimulated and helped so that they can contribute a larger share of Brunei's gross national product.

**TABLE 5**

PERCENTAGE OF GROSS NATIONAL PRODUCT

| Industry | 1955 | 1956 | 1957 | 1958 | 1959 | 1960 |
|---|---|---|---|---|---|---|
| Agriculture | 1.7 | 1.5 | 0.9 | 0.7 | 1.3 | 2.2 |
| Fisheries | 0.2 | 0.6 | 0.2 | 0.9 | 1.4 | 1.6 |
| Forestry | 0.5 | 0.4 | 0.2 | 0.3 | 0.7 | 0.9 |
| Mining (oil and gas) | 85.6 | 84.3 | 84.7 | 83.7 | 83.9 | 80.3 |
| Commerce | 7.6 | 7.6 | 7.0 | 6.1 | 4.4 | 5.2 |
| Transport | — | — | — | — | 0.3 | 0.7 |
| Construction | 0.8 | 0.4 | 0.4 | 1.3 | 1.1 | 1.2 |
| Manufacturing | 0.8 | 0.8 | 0.8 | 0.9 | 0.9 | 1.2 |
| Government | 2.5 | 4.0 | 5.2 | 5.6 | 5.2 | 5.9 |
| Income from Government Property | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Domestic Servants | 0.3 | 0.3 | 0.4 | 0.4 | 0.4 | 0.6 |

It can readily be seen from table 5 that mining (oil and gas) maintained its first position in order of importance throughout 1955-1960, although its percentage contribution to the total declined from 85.6 in 1955 to 80.3 in 1960. Second in importance was commerce from 1955 to 1958, after which it was surpassed by Government which rose from third place in 1955 to second place in 1959 and 1960. The other economic activities such as agriculture, fisheries, forestry, transport, domestic servants, construction and manufacturing were of relatively minor importance.

Thus in 1960 the economic picture showed the following order of relative importance of the various economic sectors of the economy for which some data were available :—

1. Mining (oil and gas)
2. Government
3. Commerce
4. Agriculture
5. Fisheries
6. Construction
7. Manufacturing
8. Forestry
9. Transport
10. Domestic Servants

According to the 1960 census the economically active portion of the population from the age of 15 and over amounted to 24,830 or 55.5 per cent of the population in that age group. Of this amount 8,705 or 35.1 per cent were actively engaged in agriculture, forestry and fishing. These three sectors of the economy employing 35.1 per cent of the working force produced only about 4.7 per cent of the value of output comprising the gross national product, which indicates a condition of low productivity per capita. In contrast there is the high productivity in the oil industry which with only 14.3 per cent of the working population produced 80.3 per cent of the gross national product. Commerce employed 8 per cent of the economically active workers and produced 5.2 per cent of gross national product. Government, employing 29.6 per cent of the working population, contributed only 5.9 per cent of the gross national product. This can be seen in table 6 as follows :—

**TABLE 6**

| Major Economic Activities | Percent of labour force employed | Percent of Gross National Product |
|---|---|---|
| Agriculture, Fisheries and Forestry | 35.1 | 4.7 |
| Mining (oil and gas) | 14.3 | 80.3 |
| Commerce | 8.0 | 5.2 |
| Government | 29.6 | 5.9 |

## III. THE NEED FOR INCREASED PRODUCTIVITY

It can be seen that although there are more people engaged in the activities of agriculture, fisheries and forestry than in any other single sector of the economy, their productivity appears to be lower per capita than in any of the rest of the sectors. It is an established fact, based on the experience of many countries, that an essential pre-condition for economic and industrial development is a rise in productivity. In an economy where the greatest portion of the working population is engaged in agriculture, fishing, and forestry, it is the raising of productivity per capita that helps to create the conditions necessary as a prelude to further economic, commercial and industrial development. For as productivity in these primary industries increases, incomes rise and the pattern of consumption expenditures changes. The demand for manufactured consumer's goods tends to rise, especially where there is a transition from a partial subsistence economy to a full monetary market economy. Thus the increasing of productivity in the food and primary products sector — such as agriculture, fisheries and forestry — results in higher incomes to the producers who in turn demand manufactured goods. This brings about enlarged markets which helps to expand commerce and give rise to industries as well as stimulate other economic activities such as financial institutions and the various service industries. Furthermore increasing per capita productivity in agriculture means more production with less labour, which tends to release any surplus labour for employment in other sectors of the economy. This is particularly important in a country where the availability of labour is a comparatively scarce factor.

The process of economic and industrial development, therefore, involves the mutual interdependence of all sectors of the economy. The growth of manufacturing and processing industries is closely associated with growth in agriculture, fisheries, forestry and other economic activities. Increasing productivity is also very much affected by the expansion of what is called "economic overhead" or "infrastructure" such as power, transport, communications, and research institutions.

It is further influenced by such "social overhead" as schools, training centres, health and medical centres and similar social facilities. Hence a rapid rise in productivity per capita must be given a high priority in the development plan for the simple reason that the source of all material well-being is the availability of goods and services.

## IV. PROGRAMME FOR DEVELOPMENT

According to the projection of the adjusted figures of Brunei's population census of 1960, the expected rate of growth during the period of 1960-1965 is expected to total 17.8 per cent, which is an average of 3.56 per cent per year. Hence if the population of Brunei continues to increase at this rate it will reach 104,250 by 1966. To keep pace with this rapid rise and to maintain, if not increase, the standard of living of the people, the national income of Brunei must increase by not less than 3.56 per cent per annum. Preferably it should be increased at a higher rate, at least by 4 per cent, if there is to be further economic growth. To achieve this rate of increase there will have to be a marked rise in efficiency and productivity in all fields of economic activity. This will require increased investment both by the Government and the private sectors. Investment will have to be made not only in capital equipment and buildings for further production, but also in human beings to provide them with the necessary education, training, and health, so that they can use their skills as active participants in the development process.

A contributing factor to the decline in the gross national product from 1958 on has been the decline in the rate of investment expenditures by the Government with the slackening off of the First Development Programme, and the tapering off in the exploration activities of the important oil and gas industry. Hence if the national income per capita is to be increased at a rate high enough to compensate for the rise in population it will be necessary to resume increased investments by the various sectors of the economy, including the Government.

Basic to any programme for encouraging investment for productive purposes by the private sector is the promotion of integrity and efficiency in Government administration at all levels, the maintenance of law and order, and the adequate protection of life and property. For investment involves risk taking, and private persons are reluctant to hazard investment risk unless they have a feeling of security as to life and property and an assurance that they will not be subject to the whims and inefficiency of administrators whose integrity is uncertain. Further means to encourage private investment might be employed, such as specially designed favourable tax measures for desirable industrial and commercial undertakings, and the granting of subsidies in special cases for specific activities and for a definite duration.

Also the Government itself must spur on its own programme of capital investment to provide the necessary basic facilities which in turn will further encourage private investment. It has frequently been observed that the expansion of private productive investment is dependent upon the existence of very basic facilities such as adequate transportation and communications, port facilities, good and sufficient roads, improved waterways, abundant and cheap power and water supplies, an adequate amount of trained workers in various skills and a population that is not hampered by a lack of education, poor health, and inadequate

sanitation. Therefore the more the Government invests in these basic facilities — education, health, and sanitation or in physical assets of transportation, irrigation and power, the more it encourages and makes feasible investment by private enterprise in mining, industry, commerce, agriculture, forestry and fisheries as well as in the personal service industries. Thus the combined investment programmes of the Government and the private sector will lead to greater productivity, increased national income and rising standards of living for the people of Brunei.

What should be the magnitude of such a combined investment programme ? If Brunei's population continues to increase at the rate of 3.56 to 4 per cent per year, what will be the magnitude of the total investment required for a development programme which will raise the gross national product and the per capita income ? One way of measuring that requirement is to apply the concept of the "capital coefficient." This concept refers to the amount of capital investment required for the production of a unit of product. It can be used in determining the ratio beteen investment and the resulting increase in net national income. Experience in many countries has shown that for economies as a whole this ratio is fairly constant. For the industrially advanced countries like the United States and the United Kingdom, the ratio has been about three for a considerable period of time. However, in the less developed countries, a higher ratio might be expected because of the need to establish basic facilities which require relatively large capital expenditure. Studies have shown that the ratio ranges from two to four, depending upon the circumstances prevailing in the different countries examined.

Because Brunei's development programme will involve projects of a "capital intensive" nature due to the relative scarcity of skilled labour and insufficiency of manpower, it is assumed that a capital coefficient of at least three is needed. Therefore, if the aim of the national development plan is to raise income per capita by at least 4 per cent per annum, which is a modest rate (in 1956 the rate was 6.5 per cent but has steadily declined since then), it will require an annual investment programme of a minimum of 12 per cent of the gross national product. Since the objective of development is not just simply to increase national income per capita, it is necessary that the annual increase in per capita income is at a higher rate than the rate of increase in population. For if the population were to continue to increase by 3.56 per cent and the national income also by 3.56 per cent, there would be no increase in per capita income at all.

Using the rate of 12 per cent of the gross national product for the year 1960 as a base, and assuming that the investment programme gets under way in 1962, it can be projected that the magnitude of investment expenditure required would be a minimum of about 213 million dollars, or an average of 42.6 million dollars per year during the five year period 1962-1966. However, making allowances for probable underestimation of the size of the national income in 1960 due to certain deficiencies in the available statistics, it would be safer to consider an investment requirement of 14 per cent of the national income. This would bring it to 250 million dollars, or an average of 50 million dollars per year. This amount of investment expenditure would be for the economy as a whole, including both the Government and private sectors.

## TABLE 7

### ESTIMATED INVESTMENT REQUIRED IN 1962-1966

Based on 12 and 14 per cent of Gross National Product, assuming an increase in per capita income of four per cent per year, and an investment of 60% by Government.

(Figures in round numbers in million M. dollars)

| Year | Amount of Gross National Product | Amount of Investment required at 12 per cent | | 14 per cent | |
|---|---|---|---|---|---|
| | | Total Investment | Govt. Investment | Investment Total | Investment Govt. |
| 1962 | 327 | 39 | 23.4 | 46 | 27.6 |
| 1963 | 340 | 41 | 24.6 | 48 | 28.8 |
| 1964 | 354 | 43 | 25.8 | 50 | 30.0 |
| 1965 | 368 | 44 | 26.4 | 52 | 31.2 |
| 1966 | 382 | 46 | 27.8 | 54 | 32.4 |
| | | TOTAL 213 | 127.8 | 250 | 15.00 |

The conclusion should not be drawn from the above table that the expenditures must rigidly be limited or restricted to the specified amount. During the course of implementing the development plan there may be changes made in the projects which may modify expenditures. Also certain bottlenecks, delays and impediments may occur to hamper expenditures thus necessitating carry-overs from one year to another. The significant fact of the table is the total amount, which measures the magnitude of the minimum investment expenditure that would be required if the development objective is to raise per capita income by 4 per cent per year.

In prior years, the Government and the oil industry were the two segments of the economy which created the largest amount of capital formation or investment. During the years 1953-1958 there was a substantial expenditure for development by both. The Government alone embarked on a 100 million dollar programme. It may be assumed that in the next five year period there will be less capital investment made by the oil industry, unless prospects and conditions for exploration and development prove favourable. The rest of the private sector will probably not be investing a significant percentage of the national income, at least in the next two or three years. That means that the major portion, at least 60 per cent, of the development expenditure requirements will have to be undertaken by the Government. This will be mainly to provide the necessary infrastructure required to stimulate and promote private productive activities, and to provide the people with the essential amenities and facilities to improve their social and cultural life.

## V. ANNUAL DEVELOPMENT BUDGETS AND PROJECTS

In order to prepare annual budgets for the investment programme for the years 1962-1966, it is necessary to have precise and detailed technical and other pertinent data. Definite information must be secured on the natural resources, capital and labour requirements, market analyses, sites and related aspects. Before a project is selected as the best or most suitable one to fit into the programme from the standpoint of its potential to achieve the desired objectives, it must be thoroughly studied. Such study must include a full consideration of all technical aspects, an analysis of the possible benefits or advantages to the derived and an evaluation of its compatability with existing Government policies.

It is for this reason, therefore, that a development budget with itemized projects is presented separately only for the year 1962. Development budgets for the subsequent years 1963-1966 will be submitted after further studies of the approved list of specific projects have been completed.

## VI. DEVELOPMENT TARGETS

### (A) GROSS NATIONAL PRODUCT AND NATIONAL INCOME

1. The rate of growth of the Gross National Product which is now in a declining trend is to be reversed, and the G.N.P. increased by at least 6 per cent per annum and an increase in per capita income to a level of at least 4 per cent per year.

2. The rate of capital formation or rate of investment for development is to be maintained at a level of not less than 12 per cent, and preferably 14 per cent, of the gross national product.

### (B) AGRICULTURE

1. **Rice.** Increase acreage of rice from 6,694 in 1960 to about 10,800 or at the rate of 10 per cent per annum. If the yield per acre is 300 gantangs, the increased production would reduce the import requirements by 83 per cent of the amount imported in 1960. The imported rice in 1960 amounted to the equivalent of 156,560 pikuls of unhusked rice=yield from 13,000 acres wet rice at 300 gantangs per acre.

2. **Coconuts.** In 1960 there were 700 acres devoted to coconuts with a yield of only 550,000 nuts, which is less than 800 nuts per acre. This should be increased by at least another 700 acres, and yield per acre to be increased at least to 1,100 nuts. The increased production would offset the high rate of imports, which in 1960 amounted to the equivalent of 470 acres yielding 2,000 nuts per acre.

3. **Coffee.** Production at present is negligible. Most of it is imported, the amount being equivalent to the production of about 500 acres yielding 700 lbs. per acre. The target for this should be a pilot study in agronomy of coffee growing in Brunei to meet domestic requirements and for export.

4. **Groundnuts.** Present production negligible. In 1960 imports were the equivalent of 1,500 acres yielding 1,000 lbs. per acre with an oil content of 45 per cent. The target should be a study of the agronomy and suitability of growing groundnuts in Brunei for domestic requirements and export.

5. **Maize.** Present production negligible. In 1960 imports were equivalent to 1,400 acres yielding 1,500 lbs. per acre. The target should be a study of the agronomy of maize growing in Brunei to meet domestic requirements and for export.

6. **Bananas.** Present imports come from Sarawak and North Borneo. The amount is equal to production of 60 acres yielding 7 tons per acre. The target should be a study of the agronomy of growing bananas in Brunei for domestic requirements and export.

7. **Citrus fruit.** Estimated present acreage is 300. In 1960 there were 1,203 pikuls imported from Sarawak, of which 14% could be grown locally. The target should be a study of the agronomy of growing citrus fruit in Brunei for domestic requirements and export.

8. **Other tropical fruit.** About 90% of imports (1,432 pikuls imported in 1960) were imported from Sarawak and North Borneo. Possibly a large part could be grown locally. The target should be a study of the agronomy of growing various types of tropical fruit for domestic requirements and export.

9. **Fresh Vegetables.** In 1960 there were 7,566 pikuls imported of which 45 per cent came from Sarawak. Only 200 acres were devoted to such vegetables in Brunei. The target should be a study of the agronomy of vegetable growing in Brunei to meet domestic requirements and for export.

10. **Sugar.** In 1960 imports amounted to 46,341 pikuls of which 1,002 pikuls were re-exported. This left a net balance of 45,339 pikuls or the equivalent of 1,350 acres at a yield of 2 tons per acre. The target should be a study of the agronomy of sugar growing in Brunei to meet domestic requirements and for export.

11. **Pepper.** In 1960 the acreage was 50 and the yield per acre was estimated at the low figure of 10 pikuls per acre. The target should be a study of the agronomy of pepper growing in Brunei to meet domestic requirements and for export..

12. **Livestock.** Statistics for 1960 indicate that in that year 50 per cent of the slaughtered buffaloes and 67 per cent of swine slaughtered were imported, also about 214,000 head of poultry of all kinds. In addition there were imported a net of 3,334,600 eggs in shell, of which 66 per cent came from Singapore. The net imports were equivalent to the produce of 22,000 hens laying 150 eggs per year. Target to increase production of number of livestock and their products of meat and eggs by an amount equal to the volume of imports.

13. **Non-food Crops — Rubber.** The estimate for 1960/61 was 27,000 acres with an estimated production of 2,200 tons (or a low yield of 163.4 lbs. per acre), and the estimate for 1961/62 was 27,500 acres yielding 2,100 tons for a yield as low as 152.7. Target to increase yield and quality.

## (C) FISHERIES

1. In fisheries the target should be a 25 per cent increase in the landed catch by 1966 from the level of 1960. This will just allow for the expected increase in population, and assuming no change in the diet habits of the people.

## (D) FORESTRY

1. The target should be the establishment of a forest conservation and reforestation programme which will increase the types and species of trees of commercial value for domestic uses and exports, and for the establishment of forest products industries.

2. Some shifting cultivation exists for hill padi, and to the extent that this method of cultivation persists there is bound to be illegal cutting of timber and rapid destruction of forest resources and catchment areas. This situation, if left unchecked, will in the long run produce unfavourable effects on the economic aspects of the country. Therefore, the target should be to have the Commissioner for Lands, the State Agricultural Department, the Forestry Department and the agency in charge of the resettlement programme co-operate in a land classification programme to determine which land is suitable for cultivation, which for forest land to be reserved throughout the State, and which to be used for settling purposes.

## (E) MINING

1. Oil and gas production at present constitutes the main mining activity in the State. The target should be to encourage the search for new deposits through appropriate Government policies.

2. The possibilities of developing the coal deposits of Muara and other areas should be examined.

3. The development of the Buti Quarry as a source of much needed stone for construction and road building.

## (F) COMMERCE

1. Government policy to increase consumer purchasing power.

2. The construction of a port at Muara as an aid to commerce, particularly if there were established a bonded or free zone or custom-free area at the port. This would make it possible for Brunei to become a supply base for a good portion of the Borneo coast. It also would attract secondary industries which would stimulate commerce and expand the economic opportunities of the people.

3. Another target is the establishment of producers' and consumers' co-operatives and the encouragement of Brunei nationals to enter private business enterprise.

## (G) TRANSPORT AND COMMUNICATIONS

1. Target will be to improve land, water and air transport so that efficient service can be rendered to facilitate economic development activities.

(a) **Highway Transport.** Target will be the continued improvement and maintenance of existing highways so that they will always be in proper condition. Additional highways are to be built not only to link up existing communities but also to open up new areas for further development.

(b) **Water Transport.** To undertake improvement and maintenance of waterways to facilitate inland water traffic.

(c) **Air Transport.** To improve the airport so as to enable it to render fast and reliable service for the operation of commercial airlines.

(d) **Public Transport Service.** Target is to create a State transport operating system as requested by the Executive Council.

(e) **Communications.** To improve the telecommunication facilities by acquiring additional equipment and rehabilitating existing facilities.

## (H) CONSTRUCTION

1. Target to train local workers in construction so as in time to replace imported labour of comparable skills.

2. Target to stimulate private construction of homes, shophouses, commercial offices and industrial facilities.

## (I) MANUFACTURING

1. To formulate Government policies to induce private enterprise to undertake industrial ventures either privately or jointly with Government, or with enterprises from abroad.

2. To study further the possibilities of establishing industries based on —

(a) petroleum and natural gas, such as fertilizers, plastics and petrochemicals ;

(b) industries based on the utilization of the substantial deposits of good glass sands ;

(c) industries based on forestry, such as pulp and paper, veneers, building materials, cutch, and charcoal ;

(d) industries based on fisheries and marine life, such as the smoking, drying, salting and quick freezing of fish, prawns and shrimps ;

(e) and other industries such as cement, the production of salt from sea water, the expansion of handicraft in silver and other precious metals, wood and textiles.

## (J) POWER, LIGHT AND FUEL

1. The target for electric power is to maintain output to meet normal growth requirements. However, when new industries come to the stage of being established their power requirements will be taken into consideration, and additional generating capacity will be installed to meet their needs.

2. The needs of municipalities, commercial enterprises and Government for lighting will continue to be met as at present.

3. The possibilities of utilizing natural gas for home use beyond the present consumption by Seria and Kuala Belait is to be studied.

4. Studies in rural electrification are to be undertaken.

## (K) HEALTH, EDUCATION AND WELFARE

### (a) Public Health

(1) Raise health standards in remote and rural areas by establishing suitable clinics and health centres, and upgrading wherever necessary some of the health centres to a higher level of service. The target is to make every health centre capable of performing effectively its function in the field of disease prevention and treatment.

(2) To construct modern and well equipped hospitals in Brunei Town and Kuala Belait areas to meet the needs of the general public.

(3) To carry out a high priority programme to control or eradicate, with the aid and advice of the World Health Organisation of the United Nations, the communicable diseases of tuberculosis and malaria.

(4) To carry out a programme for the training of nurses and assistants in health and dental clinics.

(b) **Education**

(1) The construction of school buildings and related facilities in rural and urban areas to meet the needs of a growing population.

(2) To provide training in trades and technical skills for those who wish to acquire them.

(3) To provide adequate teacher training facilities to meet the need for teachers by the expanding educational system.

(4) To provide opportunities for adults through an adult education programme.

(c) **Welfare.**

(1) **Housing.**

To undertake construction of additional housing for low income groups and to encourage private investment in housing, particularly in areas of comparative shortages.

(2) **Sports and Recreation.**

To encourage and promote the growing and healthy interest in sports and athletics in the State, and to construct facilities required to give the youth and adults an opportunity to participate. As can be observed from the experience of neighbouring countries such as Malaya, Singapore and other South-east Asian countries, competitive games help much to create a community spirit and mutual understanding. It also plays a strong role in reducing tendencies towards juvenile delinquency.

(L) **CULTURE**

1. To construct mosques and religious training schools and quarters.
2. Expand the broadcasting activities by means of additional equipment and enlargement of facilities.
3. Establish libraries in the major towns, and provide a travelling library for the other areas.
4. Establish a museum to house records and artifacts illustrating the cultural heritage of Brunei.

## VII. PROJECTS TO BE CONSIDERED

## (EXCLUSIVE OF THOSE CONTAINED IN 1962 DEVELOPMENT BUDGET)

THE FOLLOWING PROJECTS HAVE BEEN APPROVED IN PRINCIPLE. THEY ARE NOT LISTED IN ORDER OF PRIORITY. SUCH PRIORITY WILL BE DETERMINED AFTER COMPLETION OF THE NECESSARY STUDIES AND INVESTIGATIONS.

## A. BASIC SURVEYS AND STUDIES

1. Soil and land Utilization Surveys
2. Mineral Survey
3. Water Resources Utilization Surveys
4. Group Land Settlement Surveys
5. Health, Nutrition and Sanitation Surveys
6. Rural Electrification Surveys
7. Rural Telecommunication Surveys
8. Industrial Surveys
9. Town Planning Surveys

## B. AGRICULTURE, FORESTRY AND FISHERIES

1. Irrigation dams at Sungai Tampoi
2. Kilanas/Mulaut irrigation scheme
3. Livestock (including poultry) research
4. Farm School (also listed under "Education and Training" and "Community Development")
5. Training of youth as budders (listed also under "Education & Training")
6. Clonal rubber seed production
7. Subsidy for agricultural crops other than rubber
8. Construction of office and research building for Agriculture Department (listed also under "Public Buildings, etc.")
9. Sugar cane pilot scheme
10. Salt and brackish fish culture and improvement of sea-fishing methods.
11. Fresh water fish pond culture
12. Refrigeration facilities for fish marketing
13. Construction of Veterinary Clinic (listed also under "Public Buildings, etc.")
14. Construction of office and store at Luahan (listed also under "Public Buildings, etc.")
15. Construction of quarters at Luahan (listed also under "Public Buildings, etc.")
16. Construction of quarters at Berakas (listed also under "Public Buildings, etc.")
17. Rubber planting and replanting scheme
18. Labu Estate planting and replanting
19. Replanting of Gadong and Berakas Estates

Requires Government Policy

20. Group land settlement at Labu Estate (listed also under "Community Development")
21. Group land settlement at Lamunin (listed also under "Community Development")
22. Group land settlement at Ulu Tutong (listed also under "Community Development")
23. Group land settlement at Muara Road (listed also under "Community Development")
24. Pilot schemes and research on various crops suitable for Brunei's soils and climatic conditions
25. Forest research and expansion of silviculture activities
26. Meteorological and hydrological research (to be a co-operative project involving Agriculture, Public Works Department, Water Section, and Controller of Civil Aviation).
27. Agricultural irrigation for the whole state of Brunei.

## C. COMMERCE AND INDUSTRY

1. Muara port scheme (also listed under "Power, Transport and Communications")
2. Industrial estates for light industries
3. Construction of bazaars in various towns (to provide encouragement and opportunities to Brunei nationals for participating in commercial activities) (Listed also under "Public Buildings, etc.")
4. Promotion of arts and crafts handwork (such as silver and precious metal work, basket weaving and textile weaving)

5. Investigate possibilities of establishing or expanding the following industrial activities :—
   (1) Using sago and other starches to manufacture glue, glucose and industrial alcohol ;
   (2) Glass manufacturing based on the silica sands deposits ;
   (3) Preserving and freezing fish and the processing of other food products ;
   (4) Production of fish meal and fertilizers from waste products of the fishing industry ;
   (5) Preserving fish, prawns, shrimps, etc., by various processes such as smoking, drying and salting ;
   (6) Production of plastics and other petro-chemical products from petroleum and natural gas ;
   (7) Production of cement ;
   (8) Production of chemical fertilizers from gas ;
   (9) Production of chemicals from coal ;
   (10) Production of pulp and paper ;
   (11) Production of veneers and building materials ;
   (12) Production of furniture ;
   (13) Production of charcoal ;
   (14) Production of matches ;
   (15) Production of soap ;
   (16) Production of small agricultural implements ;
   (17) Production of bricks and tiles and related clay products
6. Analysis of present customs duties and excise taxes from the standpoint of their impact on the further promotion of commercial and industrial activities.
7. Establishment of consumers' and producers' co-operatives
8. Establishment of a "Development Finance Corporation" to provide intermediate and long term loans to commerce, industry, agriculture, forestry and fisheries.
9. Investigate the possibilities for the development of a tourist industry.

## D. POWER, TRANSPORT AND COMMUNICATIONS

### Roads

1. Tutong Road — mile 29½-mile 39 hot mix
2. Beribi, Mata-mata
3. Lamunin-Telamba
4. Brunei Town road areas — hot mix
5. Limau Manis, Kuala Masin and Pengkalan Batu
6. Berakas Road — hot mix
7. Muara Road — hot mix
8. Bangar Road
9. Kampong Subok-Barangan
10. Kasat Road
11. Road to link Jalan Sungai to 3¾ roundabout
12. Road works to Seria and Kuala Belait 7 miles to area east of Jalan Panglima
13. Taking over existing trunk roads between Seria and Kuala Belait
14. Upgrading road at Temburong
15. Bridle path at Tutong
16. Upgrading road — Jalan Tanjong Maya
17. Upgrading road to residential area — Tutong
18. New road construction equipment in addition to replacements
19. Kuala Abang/Telamba Maya Road
20. Kota Batu Road (from High Commissioner's Office to 8 milestone Muara Road)
21. 2 milestone Tutong/Lumapas Road
22. Lumapas Road
23. Penanjong Road
24. Serasa Road
25. Bangar/Puni Road

**Bridges**

1. Bridge Sungai Tongkadeh/Mabuhai
2. Bridge, Jalan Kianggeh
3. Bridges Sungai Temburong, Pandaruan, Batu Apoi
4. R.C. Bridge across drainage canal at Jalan Bolkiah, Seria
5. Bridges, Tutong District

**Clearing of Rivers, River Walls and Dredging**

1. River Wall, Temburong
2. River Clearing, Sungai Ulu Tutong, Belait, Pandaruan, Temburong and tributaries
3. River Wall, Tutong
4. River Jetty, Tutong
5. River Wall, Brunei Town
6. Additional Wharf, Brunei
7. Dredging of Kuala Belait Bar

**Miscellaneous**

1. Muara Port Scheme (listed also under "Commerce and Industry")
2. Public Transport Service System for State of Brunei
3. Transport Service for school children (listed also under "Education, etc.")
4. Butir Quarry Development

**Communications**

1. V.H.F. for Police, Marine, Medical, Fire Services, Customs and other pertinent departments.
2. Building and equipment for teleprinter and overseas telephone service (listed also under "Public Buildings, etc.")
3. Additional communications facilities

**Electric Power**

1. Rural electrification programme (requires policy decisions)
2. Construction of line from Seria to Kuala Beliat
3. Construction of office and workshops and additional equipment (listed also under "Public Buildings, etc.")
4. Study of additional power requirements that may be expected to result from implementation of development projects.

## E. HEALTH, SANITATION, WATER AND GAS SUPPLIES

**Health**

1. Hospital at Brunei (300 beds)
2. Hospital at Kuala Belait (200 beds)
3. Hospital at Tutong (50 beds)
4. Hospital at Temburong (25 beds)
5. Cottage hospitals (20 beds) in charge of Health Assistant.
6. Health Centres (to be used for examination of mothers and children)
7. Mental Hospital
8. T.B. Hospital and Sanitarium
9. Isolation Hospital (for Port Health Services for transients)
10. Dental Clinics (in conjunction with schools)
11. Health Training College and School of Nursing
12. School Health Services

13. Health Education Centre
14. Radio Control Services (listed also under "Power, Transport and Communications")
15. Medical Recreation Hall (listed also under "Social Welfare, Recreation, etc.")
16. Medical Rest House for nurses and others on night duty (listed also under "Public Buildings, etc.")
17. Services for physically handicapped —
    (1) Home for the Blind — Listed also under
    (2) Rehabilitation Centre — "Social Welfare"
18. Public Health Services
19. Laboratory Services
20. Malaria and Tuberculosis control or eradication programme
21. Midwives Quarters cum Clinics

**Sanitation**

1. Sewerage and Sewage disposal point, Brunei
2. Sewerage, Kuala Belait and Tutong
3. Swamp filling — Seria and Kuala Belait
4. Covering drains in Brunei Municipality
5. Public convenience, Brunei Municipality
6. Filling, draining, slaughterhouse compound, Brunei
7. Sewage disposal in rural areas

**Water Supplies**

1. Water supplies for Kiudang
2. Water supplies improvent, Bangar
3. Water supplies, rural areas of Tutong, Brunei, Temburong and Belait

**Gas Supplies**

1. Gas supplies for Seria and Kuala Belait
2. Gas supplies for Tutong and Brunei

## F. EDUCATION AND TRAINING

1. Additions to Malay School S.M.J.A. 10 classrooms, facilities, and 20 garages
2. 5 Flat (6 families) S.M.J.A. and R.I.F.
3. Hall (600-700)
4. Tuckshop — S.M.J.A. and R.I.F.
5. Fencing and Furniture
6. Muara School
7. Bunot School
8. Kilanas School
9. Sengkurong School
10. Jerudong School
11. Dato Gandi School
12. Kasat School
13. Pengkalan Batu School
14. Masin School — (Listed also under
15. Sultan Hasan Bangar School — "Public Buildings Etc.")
16. Baru-Baru School
17. Bokok School
18. Puni School
19. Batu Apoi School

20. Muda Hasim School
21. Kupang School
22. Birau School
23. Kiudang School
24. Tanjong Maya School
25. Layong School
26. Rambai School
27. Penanjong School
28. Tumpuan Telisai School
29. Danau School
30. Labi School
31. Gadong School
32. Rampayoh School
33. Berbunot School
34. Kinoa School
35. Kampong Menenga School
36. Kampong Bukit School
37. Menteri Sekolah Jalan Muara
38. Tanah Jambu School
39. Menunggol School
40. Bukit Pangal School
41. Belakan School
42. Bakiau School
43. Kuala Tutong School
44. Pertagian School
45. Sungai Kebon School
46. Transport service for school children (listed also under "Power, Transport and Communications")
47. Malay Secondary School.

**Training**

1. Staff training programme, Marine Department
2. Training youth as budders, Agriculture Department. (listed also under "Agriculture, etc.")
3. Farm School, Agriculture Department (listed also under "Agriculture, etc.", and "Community Development")
4. Technical and Trade training, Education Department
5. Training of Government administration staff
6. Teacher training programme, Education Department
7. Teacher training programme, Religious Affairs Department
8. Training of silversmiths (listed also under "Commerce and Industry")
9. Scholarship and fellowship for higher training in professions required in the State.

## G. COMMUNITY DEVELOPMENT

1. Group Land Settlement at Labu Estate and Pandaruan
2. Group Land Settlement at Lamunin
3. Group Land Settlement at Ulu Tutong
4. Group Land Settlement at Mura Road
5. Group Land Settlement in Belait District
6. Co-ordination of existing and additional community development programmes
7. Farm School (listed also under "Agriculture, etc." and "Education and Training.")

## H. SOCIAL WELFARE, RECREATIONAL FACILITIES, CULTURAL DEVELOPMENT

1. Youth Centre in Brunei, and a Youth Club in District Towns.
2. Municipal parks and children's playgrounds
3. Sports, recreation centre and facilities
4. Botanical Gardens and parks
5. A State Park
6. Town Libraries
7. Cultural centres in main towns
8. Museum
9. Housing for low-income groups
10. Home for Blind and a Rehabilitation Centre for the physically handicapped (listed also under "Health, etc.")

## I. PUBLIC BUILDINGS MUNICIPAL SERVICES AND TOWN PLANNING

1. Rest House, Brunei
2. Rest House, Kuala Belait
3. Government Officers, Brunei
4. Currency Board Office, Brunei
5. Courts Office, Brunei
6. P.W.D. Headquarters Office
7. P.W.D. Office in Bangar
8. P.W.D. Quarters — 1 Block "F" and 10 unit barracks
9. P.W.D. Quarters, Tutong
10. P.W.D. Quarters, Building, Section, Brunei
11. P.W.D. Quarters, 50 units barracks
    13 units barracks
    13 units Class "F"
12. P.W.D. Office and Machine Shop, for Waterworks and Sewerage
13. Extension or new building for Broadcasting House, Broadcasting and Information Department
14. Office, Survey Department
15. Barracks, Survey Department
16. Boundary Stone Stores, Survey Department
17. Boat shed and slipway at Brunei Town, Survey Department
18. Boat shed and slipway at Kuala Belait and Tutong, Survey Department
19. Government Depot and Office, Government Stores and Supplies Department
20. Barracks and Quarters, Police Department
21. Office and Detention Control Facilities, Immigration Department
22. Office and Workshops, Electrical Department (listed also under "Power, etc.")
23. Office, Elections Department
24. Baru Baru Customs Station, Customs and Excise Department
25. Mosque, Tutong, Religious Affairs Department
26. Mosque, Temburong, Religious Affairs Department
27. Office, Language Institute
28. Town Hall, Municipality Tutong
29. Government Quarters, Municipality Tutong
30. Rest House for Village Chiefs, Municipality Tutong
31. Fire Brigade Station, Municipality Tutong
32. Extension of Garage, Municipality Tutong

33. Government Offices, Tutong
34. Bus and Taxi Station, Tutong
35. New Market, Municipality Brunei
36. Pork Market, Municipality Brunei
37. Town Hall and Municipal Office, Municipality Brunei
38. Block of Barracks, Kuala Belait
39. Office and Research Building, Agriculture Department
40. Veterinary Clinic, Agriculture Department
41. Office and Store at Luahan, Agriculture Department
42. Quarters at Luahan, Agriculture Department
43. Quarters at Berakas, Agriculture Department
44. Building for Telecommunications (listed also under "Power, Transport and Communications")
45. Medical Rest House for nurses and others on night duty (listed also under "Health, etc.")
46. Medical Recreation Hall (listed also under "Social Welfare, etc.")
47. Schools (as listed under "Education")
48. Land Transport Office and Inspection of Vehicles Depot, Brunei
49. Town Hall and Municipal Office, Kuala Belait
50. Municipal Garage, Kuala Belait
51. Construction of bazaars in various towns (listed also under "Commerce, etc.")
52. New Market, Seria
53. Quarters for Government Servants, Temburong
54. Government Office, Temburong
55. Deputy Mentri Besar's official residence

## VIII. FINANCING THE DEVELOPMENT PLAN

The question of financing the National Development Plan is an important one. Financially, the State of Brunei is in a fortunate position. It is free from the pressing problems of foreign exchange shortages resulting from unfavourable balances of payments, and free from the limitation and restraints arising from unbalanced budgets. On the contrary, the accumulation of surpluses invested abroad, plus the favourable balance of payments, enables Brunei to finance a development programme from its own budgetary resources.

A brief analysis of the budgetary position during the period 1955-1962, for which data are available, reveals the capacity of Brunei to finance development from its own sources of revenue. It also indicates the importance of the oil industry as the major source of revenue, followed by income from investment in securities. This can be seen in tables 8 and 9 below.

### TABLE 8

### REVENUE, EXPENDITURE, SURPLUS AND INTEREST ON INVESTMENT

(rounded in millions M. dollars)

| | 1955 | 1956 | 1957 | 1958 | 1959 | 1960 | 1961 | Estim. 1962 |
|---|---|---|---|---|---|---|---|---|
| Total Revenue | 104.1 | 118.0 | 131.0 | 131.0 | 129.6 | 127.4 | 115.6 | 109.9 |
| Total Expenditures | 43.0 | 47.9 | 58.0 | 64.5 | 48.5 | 46.6 | 45.8 | 82.1 |
| Surplus | 61.1 | 70.1 | 72.7 | 66.5 | 81.1 | 80.0 | 69.8 | 27.8 |
| Portion of Surplus Invested in Securities | N.A. | 68.5 | 68.3 | 55.7 | 69.0 | 78.3 | 38.3 | N.A. |

N.A.=not available.

## TABLE 9

### MAJOR SOURCES OF REVENUES AND EXPENDITURES

| Revenue | 1955 | 1956 | 1957 | 1958 | 1959 | 1960 | 1961 | Estim. 1962 |
|---|---|---|---|---|---|---|---|---|
| Income Tax (mainly oil and gas) | 50.0 | 54.4 | 57.5 | 59.3 | 55.8 | 55.2 | 43.7 | 37.5 |
| Oil Royalties and Mining Rights | 31.6 | 39.2 | 44.4 | 39.0 | 37.7 | 33.4 | 30.3 | 26.8 |
| Interest on Investments | 11.1 | 13.4 | 17.4 | 20.3 | 22.4 | 27.4 | 29.1 | 34.0 |
| **Expenditures** | | | | | | | | |
| Part I (Current) | 28.8 | 29.7 | 39.4 | 33.9 | 29.8 | 33.8 | 38.0 | 50.1 |
| Part II (Development) | 14.3 | 18.2 | 18.9 | 30.6* | 18.7 | 12.7 | 7.8 | 32.0* |

*Consists of development expenditures and expenditures for capital items outside of the Development Plan schemes.

Income taxes, which come mainly from the oil industry plus oil royalties and mining rights, comprise the following percentages of the total revenue received :—

| Year | Percentage of Total Revenue |
|---|---|
| 1955 | 78.4 |
| 1956 | 79.3 |
| 1957 | 77.8 |
| 1958 | 75.0 |
| 1959 | 72.2 |
| 1960 | 69.6 |
| 1961 | 64.1 |
| 1962 | 54.0 Estimated |

The other major contributor was Interest on Investments arising from the portion of the accumulated surpluses invested in securities. The percentages of the total are as follows : —

| Year | Percentage of Total Revenue |
|---|---|
| 1955 | 10.6 |
| 1956 | 11.3 |
| 1957 | 13.3 |
| 1958 | 15.5 |
| 1959 | 17.3 |
| 1960 | 21.5 |
| 1961 | 25.2 |
| 1962 | 30.9 Estimated |

It can be seen from the above that the percentage of revenue from oil has been declining steadily from the peak of 79.3 per cent reached in 1956 to the estimated 54 per cent in 1962. In contrast to that, the revenue from invested surplus has been rising steadily from 10.6 per cent of the total revenue in 1955 to an estimate of 30.9 per cent in 1962.

On the assumption that financing the Government's portion of investment requirements of the National Development Plan will involve a minimum expenditure of 150 million dollars for the period 1962-1966, it would appear possible to meet these expenditures from revenue sources only, without disturbing the capital now invested in securities. This could be done even in the light of the expected declines in revenues from the oil industry. Thus if the total annual budgetary requirements for expenditures of Parts I and II would average about 80 milion dollars, and the income from investments remained at 34 million dollars while the revenue from oil declined to a low of, say, 48 million dollars by 1966, there would still be enough currently from oil revenues and investment income to finance the total requirements. Furthermore, what is received as revenue from other sources would continue to be available as surplus for additional investments in securities, deposits, or meeting contingencies. The following table illustrates this point.

## TABLE 10

(rounded in millions M. dollars)

| Year | Est. Revenue from Oil* | Est. Revenue from Investments | Est. Total Revenue from all sources | Est. Total Expenditures | Est. Surplus available for investment or deposit |
|---|---|---|---|---|---|
| 1962 | 64 | 34 | 109 | 80 | 29 |
| 1963 | 60 | 34 | 105 | 80 | 25 |
| 1964 | 56 | 34 | 101 | 80 | 21 |
| 1965 | 52 | 34 | 97 | 80 | 17 |
| 1966 | 48 | 34 | 93 | 80 | 13 |

*It should be noted that these estimates are based on present conditions of production and prices of oil which, of course, are subject to variations. Hence these figures must be considered as only the best available rough approximations of future oil revenues.

In Brunei, as elsewhere, the experience has been that estimates of expenditures have usually been higher than actual expenditures, and estimated revenues lower than the actual revenues received. Therefor it can be anticipated that the above estimates of surpluses are apt to be on the low side.The total revenue from all sources is based on the assumption that the present tax rates and methods of administration of tax and other revenue collections are not changed. The estimates of total expenditures are based on the assumption of no change in the present set-up of administration controls. It is of course, quite possible that by the introduction of improved administrative measures and techniques there could be both an increase in revenue collection and a reduction in expenditures, particularly in current expenditures. The saving in expenditures and the increase in revenue collection could indeed result in larger surpluses which could be effectively used in needed development.

The estimates of revenue from investments could also be increased if allowances were made for possible additional investment of the annual surpluses during the period of 1962 to 1966, which as seen from the table, ranged from 29 million dollars in 1962 to 13 million in 1966. Furthermore, it should be expected that the implementation of the planned development projects would stimulate economic activity in the economy, particularly in the agriculture, commercial and construction sectors. This also should result in increased revenues (through effective collection and administration) from sources other than oil or investment in securities.

However, even without taking into account the possible gains in revenue from improved administrative procedures regarding revenue and expenditures, it can be concluded that Brunei is in a position to undertake the financing of a five year development programme amounting to at least 150 million dolars. This could be done without undue financial difficulty even when allowing for anticipated declines in revenue from oil. It is precisely because of the expected continuing decline in oil production that the development of Brunei's other resources must urgently be undertaken in order to provide alternative sources of employment and income to the people and revenues to the Government.

It would, therefore, be desirable that an amount equal to the scheme values of the projects in the 1962 development budget and of the projects to be approved, after further study and consideration, for the years 1963-1966 be allotted to the Development Fund. The financing of authorized projects should come from the Development Fund. The Commissioner of Development should be the controller of the vote for each approved development project. He should be charged with the responsibility for presenting to the Development Board a full progress report on each project, giving detailed information on the amount spent, achievement attained and bottlenecks or difficulties encountered. Such a report should be presented at the earliest possible time after the expiry of the financial year. All unspent funds should be automatically carried over into the ensuing years for use in completing the projects concerned. In the event that projects estimates prove to be higher than actual, the excess funds should remain in the Development Fund to help meet the costs of projects where the estimates have proved to have been lower than actual. This flexibility in the use of Development Fnnds is desirable for efficient implementation of the National Development Plan.

## IX. THE PROBLEM OF STAFFING TO IMPLEMENT THE DEVELOPMENT PLAN

No matter how well conceived a development plan might be, its practical value in terms of meeting the needs of the people and the Government lies in its successful execution. And success in implementation of any plan is dependent on the quality of administration. This means that there must be good organizational and administrative procedures. It also means that there must be an adequate staff of qualified, competent administrators, supervisors, technical and clerical personnel available when needed to assure successful implementation.

There are three important aspects of implementation of the National Development Plan that must be considered from the point of view of staff requirements. These aspects are : —

(1) the carrying out of the necessary basic surveys and studies for the purposes of acquiring better knowledge of the resources and potentials of the State of Brunei in order to provide essential information and data needed in the selection of the best and most suitable development projects ;

(2) the preparation of specific projects and the determination of costs, sites, labour and material requirements, etc., so that an appraisal can be made of the value and priority to be given to each project in the overall development programme ; and

(3) the actual execution of the specific projects selected.

Each aspect will require trained personnel in an amount greater than is presently employed by the Government. The basic surveys and studies will require scientists and technical experts as well as administrative personnel. The same applies to the preparation of some of the specific projects. The execution of the approved selected projects will also require some specialized personnel. Since the construction of buildings, schools, water and sanitation facilities, irrigation, roads, harbour and other engineering works will form the predominent portion of the development programme, the execution of many projects in these categories will involve the Public Works Department. It is doubtful whether, with its present staff, the Public Works Department is in a position to undertake the heavy programme of new projects while carrying out at the same time its regular tasks of maintenance and repairs of existing facilities. Much the same can be said of some other departments. It is therefore necessary to undertake a study of the present manpower and staffing position of each department which will be responsible for the execution of planned development projects. The study should result in recommendations as to the required adjustments that will have to be made in the number and type of personnel needed for implementing new projects.

Some of the projects in each phase of implementation can be undertaken by the existing staffs of Government departments. Others will have to be undertaken by experts brought in either under contract or through bi-lateral agreements with other Governments or through the help of international agencies such as the United Nations and its specialized agencies. Some of the experts could be secured for short term assignments as advisers or consultants while others would have to be secured for a longer period of time — depending upon the nature of the project. Consideration should also be given to the employment of professional consultants either as individual experts or as consulting firms as the case may require. In the matter of actual physical construction work, there may be projects which, because of time and other vital factors, could best be executed by letting the project out on tender to private firms rather than having them undertaken by Government departments. This would save time and avoid the consequences of laying off personnel and idling equipment when the project is completed. It must also be realized that the recruitment of additional staff necessarily involves the provision of housing and related facilities.

# APPENDIX A

## PRELIMINARY ESTIMATE OF GROSS NATIONAL PRODUCT AND NATIONAL INCOME OF BRUNEI, 1955-1960

(at current prices in millions Malayan dollars)

| ECONOMIC ACTIVITIES | 1955 | 1956 | 1957 | 1958 | 1959 | 1960 |
|---|---|---|---|---|---|---|
| Agriculture | 5.7 | 5.5 | 3.4 | 2.5 | 4.6 | 6.6 |
| Forestry | 0.7 | 2.4 | 0.9 | 3.4 | 5.0 | 4.8 |
| Fisheries | 1.6 | 1.3 | 0.7 | 1.1 | 2.6 | 2.8 |
| Mining (Oil & Gas) | 293.2 | 317.1 | 326.0 | 305.0 | 297.0 | 243.1 |
| Commerce | 26.2 | 28.5 | 26.9 | 22.2 | 15.7 | 15.7 |
| Transport | N.A | N.A | N.A | N.A | 1.2 | 2.1 |
| Construction | 2.6 | 1.6 | 1.6 | 4.8 | 4.0 | 3.6 |
| Manufacturing | 2.8 | 2.9 | 3.0 | 3.2 | 3.3 | 3.5 |
| Income from Government Property | 1.0 | 1.1 | 1.4 | 1.4 | 1.5 | 1.7 |
| Domestic Servants | 0.3 | 0.6 | 0.6 | 0.5 | 0.7 | 0.7 |
| Government | 8.5 | 15.1 | 19.8 | 20.4 | 18.3 | 18.0 |
| Gross National Product | 342.6 | 376.1 | 384.3 | 364.5 | 353.9 | 302.6 |
| Less Depreciation | 17.1 | 18.8 | 19.2 | 18.2 | 17.7 | 15.1 |
| Net National Product or National Income at Market Price | 325.5 | 357.3 | 363.1 | 346.3 | 336.2 | 287.5 |
| Less Indirect Taxes Plus Subsidies (negative item) | –4.0 | –4.3 | –4.3 | –3.9 | –3.5 | –3.3 |
| National Income at Factor Cost | 321.5 | 353.0 | 360.8 | 342.4 | 332.7 | 284.2 |
| Net Income Received from Foreign Investment (negative item) | –104.1 | –111.9 | –115.6 | –116.2 | –105.8 | –99.5 |
| Domestic National Income at Factor Cost or National Income Domestically Produced | 217.4 | 241.1 | 245.2 | 226.2 | 226.9 | 184.7 |
| Population (in numbers)* | 68,913 | 71,784 | 74,775 | 77,890 | 81,135 | 84,515 |

* Based on adjusted 1960 Census figures
N.A. = Not available.